

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: November 21, 2006

Approved

Kay Wimer

Date

11/25/06

COUNCIL DISTRICT: Citywide

SNI Area: All

SUBJECT: SAN JOSÉ STATE UNIVERSITY FACULTY HOMEBUYER PROGRAM

INFORMATION

On January 10, 2006, the City Council approved the creation of the San José State Faculty Homebuyer Pilot Program (FHP) for University faculty. The Faculty Homebuyer Program was modeled after the City's existing successful Teacher Homebuyer Program (THP). On June 7, 2006, the Housing Department provided an Information Memo to the Council reporting two important differences between the FHP and the THP Programs. Under the FHP (1) only newly hired full-time tenure track faculty would be eligible to participate in the program, and (2) all SJSU FHP participants must complete a pre-purchase homebuyer education workshop through Neighborhood Housing Services Silicon Valley (NHSSV). The Faculty Homebuyer Program was officially launched on May 1, 2006.

Since May, the creation of the SJSU Faculty Homebuyer Program has received tremendous support from the University and the City. The Faculty Homebuyer Program has been advertised to the City's most active THP lenders, it has been marketed to developers and sales teams of many of the City's newest for-sale developments subject to the City's Inclusionary Housing Program, and it has been added to both the SJSU and Department of Housing's websites. Despite these efforts, no new faculty members have taken advantage of the program since its inception.

In evaluating the lack of applications, SJSU Spartan Shops and the Housing Department staff have determined that the main reason the Faculty Homebuyer Program has not been able to achieve its preliminary target of assisting 17 new faculty purchase a home is that the Pilot Program is limited to newly hired faculty only. In FY 05-06, SJSU only filled 71 vacant full-time faculty positions, a smaller than anticipated pool of eligible applicants during the fall of 2006. Anecdotal evidence also suggests a number of other factors: (1) purchasing a home is not a primary concern of newly hired faculty, (2) the program's household income limits automatically exclude a number of new hires when other income (spouse, stipend, etc) is added, and (3) the recent slowdown in San José housing prices may cause potential new homebuyers to take a "wait and see" approach to their home purchase plans.

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As a result, we are making a number of program changes, including broadening the definition of eligible faculty to include both existing and new full-time tenure track faculty at San José State University. Other strategies for success include increased marketing, education, and outreach through NHSSV and the Santa Clara County Association of Realtors (SCCAOR); onsite homebuyer workshops for SJSU faculty; and developing key partnerships with developers and sales teams of affordable for-sale housing, particularly those units located in the downtown vicinity, in an effort to create additional incentives for SJSU faculty who wish to purchase a home within walking distance of the SJSU campus.

NEXT STEPS

As of this date, the Faculty Homebuyer Program will be open to all SJSU tenure-track faculty regardless of their initial hire date. Housing Department staff will produce updated collateral materials and handbooks and increase its general outreach efforts to the local real estate community. San José State Spartan Shops will update University management and both SJSU and Housing Department staffs will organize workshops designed to educate and increase awareness of the newly expanded Faculty Homebuyer Program. Through these efforts the SJSU Faculty Homebuyer Program is expected to assist at least ten faculty to purchase a home by the end of fiscal year 2006-2007.



LESLYE KRUTKO

Director of Housing

For questions please call Vivian Frelix-Hart at 535-8239

